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TO: Mail Stop 8 Director of the U.S. Patent & Trademark Office P.O. Box 1450 Alexandria, VA 22313-1450	AUG 27 2007 REPORT ON THE FILING OR DETERMINATION OF AN ACTION REGARDING A PATENT OR TRADEMARK
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In Compliance with 35 § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been
filed in the U.S. District Court Northern District of California on the following ☒ Patents or ☐ Trademarks:

DOCKET NO. CV 07-04295 JL	DATE FILED 8/21/07	U.S. DISTRICT COURT Northern District of California, San Francisco Division
PLAINTIFF KYPHON INC		DEFENDANT LENNY C. PHAN
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1 6,607,544		COMPLAINT ATTACHED
2 6,623,505		
3 6,979,341		
4		
5		

In the above—entitled case, the following patent(s) have been included:

DATE INCLUDED	INCLUDED BY	<input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
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In the above—entitled case, the following decision has been rendered or judgement issued:

DECISION/JUDGEMENT

CLERK Richard W. Wieking	(BY) DEPUTY CLERK Gloria Acevedo	DATE August 23, 2007
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Copy 1—Upon initiation of action, mail this copy to Commissioner Copy 3—Upon termination of action, mail this copy to Commissioner
Copy 2—Upon filing document adding patent(s), mail this copy to Commissioner Copy 4—Case file copy

COPY

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E-Filed

ORIGINAL
FILED

AUG 21 2007

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

KYPHON INC.,

Plaintiff,

v.

LENNY C. PHAN, an individual,

Defendant.

C 07
Case No.

COMPLAINT FOR PATENT
INFRINGEMENT, BREACH OF
CONTRACT & CONVERSION

DEMAND FOR JURY TRIAL

Plaintiff Kyphon Inc., for its Complaint, alleges:

PARTIES

1. Plaintiff Kyphon is a corporation incorporated under the laws of the State of Delaware with its principal place of business at 1221 Crossman Avenue, Sunnyvale, California 94089.

2. Kyphon is a pioneer in the field of kyphoplasty, a minimally invasive surgical procedure for repairing spinal fractures. Such fractures may result from osteoporosis, cancer, or medical treatments such as chemotherapy. Balloon kyphoplasty involves the surgical insertion of a balloon into the fractured bones of the spine to raise them and restore them to their correct position. As a result, kyphoplasty can help relieve the significant back pain and stooped posture that many spinal fracture sufferers experience.

3. Defendant Lenny Chi Phan is a former Kyphon employee. He previously resided at 1141 Pembroke Drive, San Jose, California 95131, and now resides at 4445 Fairway Drive, Carrollton, Texas 75010.

JURISDICTION AND VENUE

4. This is an action for patent infringement arising under the patent laws of the United States, Title 35 of the United States Code and for breach of contract and conversion. This Court has subject matter jurisdiction over the patent infringement claims under 28 U.S.C. § 1331 (federal question) and § 1338(a) (patents). This Court has subject matter jurisdiction over the breach of contract and conversion claims under 28 U.S.C. § 1367(a) (supplemental jurisdiction) or, alternatively, under § 1332(a)(1) (diversity).

5. Mr. Phan is subject to personal jurisdiction in this District because he has worked or lived in this District and committed acts of infringement in this District. Mr. Phan also is subject to personal jurisdiction in this District by express consent.

6. Venue is proper under 28 U.S.C. § 1391(b)(2) and § 1400(b).

INTRADISTRICT ASSIGNMENT

7. Pursuant to Civil L.R. 3-2(c), the Intradistrict Assignment rules do not apply to this Complaint.

FIRST CAUSE OF ACTION

(Infringement of U.S. Patent No. 6,607,544)

8. Kyphon is the owner by assignment of all rights, title, and interest in and to United States Patent No. 6,607,544 ("the '544 patent"), issued on August 19, 2003 and entitled "Expandable Preformed Structures for Deployment in Interior Body Regions." The '544 patent is attached as Exhibit A.

9. Mr. Phan is infringing or has infringed the '544 patent directly or indirectly under 35 U.S.C. § 271 by making, using, offering for sale, or selling products for use in performing kyphoplasty. Mr. Phan's products encompass an invention claimed by the '544 patent or are a substantial part of such an invention. Mr. Phan's products are specially made or adapted for use in an invention claimed by the '544 patent and are not staple articles or commodities of commerce

1 suitable for substantial non-infringing uses. Upon information and belief, Mr. Phan knowingly
2 and actively has instructed or continues to instruct purchasers in the use of his products in a
3 manner that infringes or would infringe the '544 patent.

4 10. Mr. Phan's infringement is without the consent or other authority of Kyphon.
5 Mr. Phan is not licensed under the '544 patent.

6 11. On information and belief, Mr. Phan has infringed or is infringing the '544 patent
7 with knowledge of Kyphon's patent rights and despite an objectively high likelihood that his
8 actions constituted infringement. Mr. Phan's infringement of the '544 patent has been and
9 continues to be willful.

10 12. Kyphon is entitled to damages for Mr. Phan's infringement of the '544 patent and
11 trebled damages for Mr. Phan's willful infringement of the '544 patent.

12 13. Kyphon has no adequate legal remedy. Unless enjoined by this Court, Mr. Phan
13 will continue his acts of infringement to Kyphon's substantial and irreparable harm. Under 35
14 U.S.C. § 283, Kyphon is entitled to an injunction barring Mr. Phan from further infringement of
15 the '544 patent.

16 SECOND CAUSE OF ACTION

17 (Infringement of U.S. Patent No. 6,623,505)

18 14. Kyphon is the owner by assignment of all rights, title, and interest in and to United
19 States Patent No. 6,623,505 ("the '505 patent"), issued on September 23, 2003 and entitled
20 "Expandable Structures for Deployment in Interior Body Regions." The '505 patent is attached as
21 Exhibit B.

22 15. Mr. Phan is infringing or has infringed the '505 patent directly or indirectly under
23 35 U.S.C. § 271 by making, using, offering for sale, or selling products for use in performing
24 kyphoplasty. Mr. Phan's products encompass an invention claimed by the '505 patent or are a
25 substantial part of such an invention. Mr. Phan's products are specially made or adapted for use
26 in an invention claimed by the '505 patent and are not staple articles or commodities of commerce
27 suitable for substantial non-infringing uses. Upon information and belief, Mr. Phan knowingly
28

1 and actively has instructed or continues to instruct purchasers in the use of his products in a
2 manner that infringes or would infringe the '505 patent.

3 16. Mr. Phan's infringement is without the consent or other authority of Kyphon.
4 Mr. Phan is not licensed under the '505 patent.

5 17. On information and belief, Mr. Phan has infringed or is infringing the '505 patent
6 with knowledge of Kyphon's patent rights and despite an objectively high likelihood that his
7 actions constituted infringement. Mr. Phan's infringement of the '505 patent has been and
8 continues to be willful.

9 18. Kyphon is entitled to damages for Mr. Phan's infringement of the '505 patent and
10 trebled damages for Mr. Phan's willful infringement of the '505 patent.

11 19. Kyphon has no adequate legal remedy. Unless enjoined by this Court, Mr. Phan
12 will continue his acts of infringement to Kyphon's substantial and irreparable harm. Under 35
13 U.S.C. § 283, Kyphon is entitled to an injunction barring Mr. Phan from further infringement of
14 the '505 patent.

15 **THIRD CAUSE OF ACTION**

16 (Infringement of U.S. Patent No. 6,979,341)

17 20. Kyphon is the owner by assignment of all rights, title, and interest in and to United
18 States Patent No. 6,979,341 ("the '341 patent"), issued on December 27, 2005 and entitled
19 "Expandable Preformed Structures for Deployment in Interior Body Regions." The '341 patent is
20 attached as Exhibit C.

21 21. Mr. Phan is infringing or has infringed the '341 patent directly or indirectly under
22 35 U.S.C. § 271 by making, using, offering for sale, or selling products for use in performing
23 kyphoplasty. Mr. Phan's products encompass an invention claimed by the '341 patent or are a
24 substantial part of such an invention. Mr. Phan's products are specially made or adapted for use
25 in an invention claimed by the '341 patent and are not staple articles or commodities of commerce
26 suitable for substantial non-infringing uses. Upon information and belief, Mr. Phan knowingly
27 and actively has instructed or continues to instruct purchasers in the use of his products in a
28 manner that infringes or would infringe the '341 patent.

1 22. Mr. Phan's infringement is without the consent or other authority of Kyphon.
2 Mr. Phan is not licensed under the '341 patent.

3 23. On information and belief, Mr. Phan has infringed or is infringing the '341 patent
4 with knowledge of Kyphon's patent rights and despite an objectively high likelihood that his
5 actions constituted infringement. Mr. Phan's infringement of the '341 patent has been and
6 continues to be willful.

7 24. Kyphon is entitled to damages for Mr. Phan's infringement of the '341 patent and
8 trebled damages for Mr. Phan's willful infringement of the '341 patent.

9 25. Kyphon has no adequate legal remedy. Unless enjoined by this Court, Mr. Phan
10 will continue his acts of infringement to Kyphon's substantial and irreparable harm. Under 35
11 U.S.C. § 283, Kyphon is entitled to an injunction barring Mr. Phan from further infringement of
12 the '341 patent.

13 **FOURTH CAUSE OF ACTION**

14 (Breach of Contract)

15 26. Mr. Phan was Kyphon employee between April 2000 and March 2005.

16 27. On April 5, 2000, Mr. Phan executed a Proprietary Information Agreement. Under
17 paragraph 2(a) of the Proprietary Information Agreement, Mr. Phan agreed that, "at all times
18 during the term of my employment and thereafter, [he would] hold in strictest confidence, and not
19 . . . use, except for the benefit of the Company, or . . . disclose to any person, firm or corporation
20 without written authorization of the Board of Directors of the Company, any Confidential
21 Information of the Company." The Proprietary Information Agreement is attached as Exhibit D.

22 28. On February 22, 2005, Mr. Phan tendered his resignation, effective March 1, 2005.
23 On February 28, 2005, Mr. Phan agreed that he would "preserve as confidential all trade secrets,
24 confidential knowledge, data or other proprietary information relating to products, processes,
25 know-how, designs, formulas, developmental or experimental work, computer programs, data
26 bases, other original works of authorship, customer lists, business plans, financial information or
27 other subject matter pertaining to any business of the Company or any of its employees, clients,
28 consultants or licensees." The Termination Certification is attached as Exhibit E.

29. Notwithstanding the explicit terms of the Proprietary Information Agreement and Termination Certification, Mr. Phan has breached the Proprietary Information Agreement by disclosing confidential information concerning Kyphon and its kyphoplasty products to others, including Peter Kyone Park and individuals in the Republic of Korea, without authorization.

30. As a result of Mr. Phan's breach of contract, Kyphon has suffered and will continue to suffer damages.

FIFTH CAUSE OF ACTION

(Conversion)

31. During his employment with Kyphon, Mr. Phan knowingly and intentionally converted all or parts of Kyphon's bonding and balloon machines and other components used to manufacture Kyphon's kyphoplasty products by removing them from Kyphon's premises. Mr. Phan has used the materials he converted to manufacture kyphoplasty machines, devices, or components for companies other than Kyphon.

32. Mr. Phan's 's conversion of Kyphon's property has interfered with Kyphon's rights to this property. Mr. Phan's conversion was performed without Kyphon's express or implied authorization.

33. As a result of Mr. Phan's conversion of Kyphon's property, Kyphon has suffered and will continue to suffer damages.

WHEREFORE, Kyphon requests judgment:

- A. Declaring that Mr. Phan has infringed the '544, '505, and '341 patents;
- B. Declaring that Mr. Phan has breached the Proprietary Information Agreement with Kyphon;
- C. Declaring that Mr. Phan has converted Kyphon's property;
- D. Preliminarily and permanently enjoining Mr. Phan and his employees, agents, servants, or any other person or entity acting in privity or in concert with him from further infringement of the '544, '505, and '341 patents;

- 1 E. Preliminarily and permanently enjoining Mr. Phan and his employees, agents,
2 servants, or any other person or entity acting in privity or in concert with him from
3 disclosing Kyphon's confidential information to unauthorized parties;
4 F. Ordering Mr. Phan to return the property that he removed from Kyphon's premises
5 without authorization;
6 G. Awarding Kyphon its damages, together with pre-judgment interest and costs, for
7 Mr. Phan's infringement of the '544, '505, and '341 patents, and increasing said
8 damages by up to three times under 35 U.S.C. § 284;
9 H. Awarding Kyphon its damages, together with pre-judgment interest and costs, for
10 Mr. Phan's breach of his agreements with Kyphon;
11 I. Awarding Kyphon its damages, together with pre-judgment interest and costs, for
12 Mr. Phan's conversion of Kyphon's property;
13 J. Declaring this to be an exceptional case under 35 U.S.C. § 285;
14 K. Awarding Kyphon its reasonable attorneys' fees, costs, and disbursements in this
15 action, with interest; and
16 L. Awarding Kyphon such other and further relief as this Court may deem just and
17 proper.

18 Dated: August 21, 2007

MICHAEL A. JACOBS
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RICHARD S.J. HUNG
MORRISON & FOERSTER LLP

21 By: 
22 _____

Richard S.J. Hung

23 Attorneys for Plaintiff
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Dated: August 21, 2007

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